

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6543

BILL NUMBER: HB 1876

DATE PREPARED: Feb 7, 2001

BILL AMENDED:

SUBJECT: Public Safety Officers' Survivors Benefits.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: The bill provides that the unit of local government that employed a member of the 1925 Police Pension Fund, the 1937 Firefighters' Pension Fund, the 1953 Police Pension Fund, or the 1977 Police Officers' and Firefighters' Pension Fund who dies in the line of duty shall provide and pay for health insurance coverage for the member's surviving spouse and dependent children. The bill also provides that if health insurance coverage is offered by the unit to active fund members, the health insurance provided to a surviving spouse and child must be equal in coverage to that offered to active members.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The bill could potentially increase the cost incurred by local units from providing health care benefits to survivors of police and fire employees who died in the line of duty. The minimum cost of the bill is estimated to range from approximately \$178,000 to \$209,000 annually. Several cost ranges are provided below based on: (1) The premium cost of single and family coverage under the state employee health plans; (2) the number of survivors qualifying for fully paid insurance coverage under the bill; and (3) the distribution of coverage among survivors. Currently, there are from 53 to 62 known survivors who would qualify for insurance coverage under the bill. The minimum cost range would apply if all survivors selected single coverage. The estimated cost would range from approximately \$178,000 to \$209,000 annually. If the distribution of coverage among qualifying survivors is similar to that for state employees, the cost is estimated to range from approximately \$374,000 to \$438,000 annually. If all survivors selected family coverage, the cost estimate would range from approximately \$468,000 to \$548,000.

Background: Based on research by the Public Employees' Retirement Fund (PERF) and Ice, Miller, Donadio & Ryan, there were between 53 and 62 survivors of members of the specified pension funds who died in the

line of duty. The cost ranges above are based on insurance coverage for 53 and 62 survivors. These estimates assume that the premium cost of single and family health insurance coverage provided by local units is equivalent to the average single and family premium cost of the state employee health plans. On average, the CY 2001 rate for single coverage is approximately \$3,365 and for family coverage is approximately \$8,839. Premiums for health coverage provided by local units probably vary depending upon the size of the insured group and the claims experience of the group. One estimated range also assumes that the distribution of single and family coverage for survivors is similar to that for state employees.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local Government Units.

Information Sources: Tom Parker, Public Employees' Retirement Fund, 233-4162; Eric Swank, Ice, Miller, Donadio & Ryan, 236-2100.